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AUTHORITY

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January 20, 2005

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552

Attention: No. 2004-53

To Whom It May Concern:

The Richmond Redevelopment and Housing Authority of Richmond, Virginia would like to take this opportunity to comment on the Office of Thrift Supervision's notice of proposed rulemaking concerning Community Reinvestment Act (CRA) regulations. We oppose the proposed changes in that they would reduce housing-community development-related lending in low- and moderate-income communities and allow federally chartered thrifts to design their own CRA exams that could lead to an investment in affluent areas, resulting in no CRA penalty being enacted.

The purpose of the CRA is to increase lending, investment, and banking services in lower income areas, both urban and rural. Current regulations assess thrifts via a three part examination that comprises lending, investment, and services tests. This proposal would allow large thrifts with over \$1 billion in assets to effectively eliminate the investment and service tests and derive nearly their entire grade from the lending test. This would allow large thrifts to neglect critical community needs, such as the lack of affordable housing, without fear of reprisal. This is unacceptable.

If the investment test is eliminated, thrifts will have a substantially reduced incentive to finance the development of affordable rental housing through the use of Low Income Housing Tax Credits. Thrifts will also have fewer incentives to finance small businesses via equity investments. Reduced investment in projects and businesses will be accompanied by fewer bank branches and services in low and moderate income communities. Scaling back the number of activities in low- and moderate-income communities will result in less housing and community development activity and place these areas at

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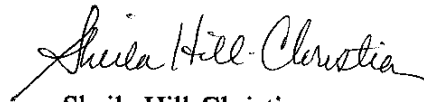
a distinct disadvantage compared to more affluent areas. This is contrary to the very essence of CRA.

The proposal also would enable thrifts to earn CRA points by providing community development financing and services in affluent neighborhoods ostensibly to reduce burden and provide greater flexibility. Indeed burden will be reduced if thrifts are no longer required to invest in low- and moderate-income areas or serve low-income individuals. However, the reason CRA exists is to ensure that community development lending and investments are made specifically in these areas to benefit lower income people; lending that would otherwise not occur.

Taken as a whole these proposed regulations will hurt the very communities CRA was enacted to protect. CRA has been the driving force behind increased lending, investment, and banking services in what were underserved communities. Efforts to weaken these protections will turn back the clock on many Richmond, Virginia communities that have achieved tremendous gains as they strive to revitalize their neighborhoods. For these reasons, The Richmond Redevelopment and Housing Authority is opposed to this proposal and urges you to withdraw it immediately.

Thank you for providing the opportunity to comment on this notice of proposed rulemaking.

Sincerely,



Sheila Hill-Christian
Executive Director

cc: Jeff Falcusan, NAHRO